MANITOBA CROP INSURANCE CORPORATION

2000 • 2001 ANNUAL REPORT

Letters of Transmittal

The Honourable Peter M. Liba
Lieutenant-Governor of Manitoba
Room 235 Legislative Building
Winnipeg, Manitoba
R3C OV8

May It Please Your Honour:

I have the privilege of presenting for the information of Your Honour, the Annual Report of the Manitoba Crop Insurance Corporation for the fiscal year ending March 31, 2001.

Respectfully submitted,

Rosann Wowchuk

Rosann Wowchuk
Minister of Agriculture and Food

The Honourable Rosann Wowchuk
Minister of Agriculture and Food
Room 165 Legislative Building
Winnipeg, Manitoba
R3C OV8

Dear Madame:

Presented herewith is the Manitoba Crop Insurance Corporation's Annual Report for the fiscal year ending March 31, 2001.

Respectfully submitted,

Walter W. Kolisnyk
Chairman
Board of Directors

102-00136

MANITOBA CROP INSURANCE CORPORATION 2000 - 2001

Mission Statement

To offer Manitoba's agricultural producers risk management programs which provide stability and assist in adapting to change.

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Cover Photo by: Dave Reede

Mission Statement

To offer Manitoba's agricultural producers risk management programs which provide stability and assist in adapting to change.

Corporate Values

We Value Our:

Clients - The needs and interests of our clients come first.

Excellence in job performance by dedicated staff - Excellence in our work is recognized and rewarded.

Good working relationships - We share our ideas and work cooperatively with our clients and business associates in an open and forthright manner.

Public trusteeship role - We manage our operations to the benefit of all parties involved.

Contribution to the agricultural sector - We help Manitoba's agricultural industry achieve sustainable economic growth and financial stability. We encourage our staff to be positive role models and leaders in their communities.

Corporate Goals

The Corporation's Business Plan focuses on six major goals:

- improving customer service and product knowledge, with increased emphasis on individual needs;
- reducing financial risk faced by the agricultural sector by increasing the percentage of production insured;
- insuring the financial sustainability of our programs and improving the administrative efficiency of program delivery;
- exercising effective corporate governance based on sound business principles combined with public policy considerations;
- enhancing staff motivation and training, following a service oriented approach; and
- providing producers with effective management information, thereby assisting in increasing their productivity and reducing their financial risk.

Board of Directors

Walter W. Kolisnyk, Chairman
Minitonas

Ian R. Wishart, Vice-Chairman
Portage la Prairie

Patricia E. Fehr
Gretna

Brad R. Mroz
Beausejour

Barry J. Routledge
Lenore

Back Row: Barry Routledge, Brad Mroz, Pat Fehr
Front Row: Ian Wishart, Walter Kolisnyk

Legal Counsel

Thompson Dorfman Sweatman

Corporate Officers

Neil A. Hamilton, B.S.A., M.Sc., Ph.D.
General Manager

Jim V. Lewis, B.S.A., C.M.A.
Director of Finance and Administration

Herb Sulkers, B.Sc.
Director of Field Operations

David R. Sauder, B.S.A., M.Sc.
Director of Research and Program Development

Kim M. Poschenrieder, B.S.A., P.Ag.
Corporate Secretary

Back Row: Kim Poschenrieder, David Sauder
Front Row: Herb Sulkers, Neil Hamilton, Jim Lewis

Chairman's Message

Manitoba Crop Insurance Corporation has now completed its forty-first year as a provider of crop insurance, hail insurance and wildlife damage compensation to many of Manitoba's agricultural producers. In addition to administering these three major programs, MCIC has spent considerable time in assisting in the delivery of ad hoc programs on behalf of the Governments of Manitoba and Canada.

In addition to the 41 different crops currently insured, open pollinated grain corn, industrial hemp seed and greenfeed were added for the 2000 crop year. Excess moisture insurance became a standard program feature this year, at no extra cost to producers. This insurance compensates producers who are unable to seed land by June 20 due to wet conditions. The High Dollar Value Option was also introduced in 2000. This option provides producers with up to 25% additional coverage for major crops, if the market price increases from the initial prices set at time of application. The High Dollar Value Option proved popular with 73% of the insured acres being enrolled.

During this fiscal year, MCIC successfully administered $100 million of ad hoc assistance to Manitoba farmers under the Canada-Manitoba Adjustment Program. Towards the end of the fiscal year, MCIC was mandated to administer the Canada-Manitoba Adjustment Program 2 (CMAP 2) with initial payments to be made in the spring of 2001. This new federal-provincial program is designed to help Manitoba farmers by lessening the impact of the farm income crisis in the grains, oilseed and speciality crop sectors. Ninety-two million dollars of assistance will be provided under CMAP 2.

As a Crown Corporation, our success is highly dependent on the support and involvement of our stakeholders. The Board and staff consulted with various producer associations to seek input on existing programs and services and future initiatives. As well, two public meetings were held this year. The Board and staff appreciate the time and effort spent by individual producers and producer associations in providing feedback on program design.

In order to obtain a comprehensive review and assessment of producers' satisfaction with our programs and level of service, MCIC engaged Prairie Research Associates to undertake a survey of our customers as well as those producers who currently are not enrolled in crop insurance. The survey involved a sample of customers and non-customers selected at random from MCIC's database. Most producers were satisfied with our service and program design. However, it is clear that a good number of producers are interested in higher coverage.

During the past summer, Neil Hamilton, General Manager, and I toured the 19 agency offices giving me an opportunity to meet many of the agency and adjusting staff. The meetings also provided an opportunity to solicit feedback on what staff see as possible program enhancements, as well as how the Corporation can improve upon internal processes and procedures to ensure good staff relations and high morale.

With Manitoba producers continuing to diversify, and with tight margins due to low commodity prices and rising costs, there is a growing need for effective risk management programs. As a result of client need and enhancements made to our products and services, 2000/01 was a year of continued growth for MCIC. Crop insurance was provided on over 8.6 million acres, for an insured value of $832.2 million. Crop insurance indemnities of $36.3 million were paid out to producers.

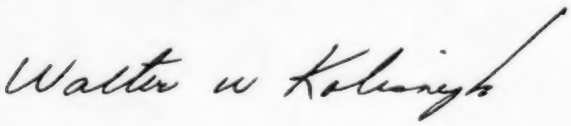
The Wildlife Damage Compensation Program made payments of $2.2 million in 2000/01. Payments were made to producers who suffered damage to crops and other agricultural products caused by migratory waterfowl and big game, as well as for domestic livestock killed or injured by natural predators. In April 2000, the responsibility for assessing livestock predation damage was transferred from Manitoba Conservation to MCIC.

2000/01 marked the highest level of indemnities in the Corporation's history under the Hail Insurance Program, with 2,646 claims totalling $9.7 million. In order to reduce the risk of large losses, and the resulting effect on premium rates, MCIC entered into a three-year reinsurance agreement with the private sector in 1999. MCIC collected close to $2.3 million from reinsurers for hail losses in the 2000/01 fiscal year. Private reinsurance for the Crop Insurance Program is being considered for 2001/02.

On the operational side, the hail pilot project, which was initiated in 1999, was expanded to include electronic hail claim adjustments for flax and canola. Further enhancements to both our computer system and internal processes are anticipated that will result in efficiencies and improvements in customer service.

A conscious focus and commitment to sound governance principles and policies has assisted in placing the Corporation in the forefront of well-managed public agencies. A review of the Corporate Governance Manual, a blueprint for a more effective partnership between the Board, the Executive and the employees of the Corporation, was conducted by the Board of Directors in December 2000. Existing governance principles were re-examined and new ones developed to serve the growing needs and purposes of the Corporation. The governance principles focus on accountability, operational effectiveness and the most efficient achievement of strategic objectives.

As a final note, I would like to take this opportunity to thank the Board members, management and staff for their role in making this a successful year. I have enjoyed the many challenges and opportunities that I have encountered as I complete my first year as Chairman of the Board of Directors and look forward to 2001/02.



Walter W. Kolisnyk
Chairman

Administration

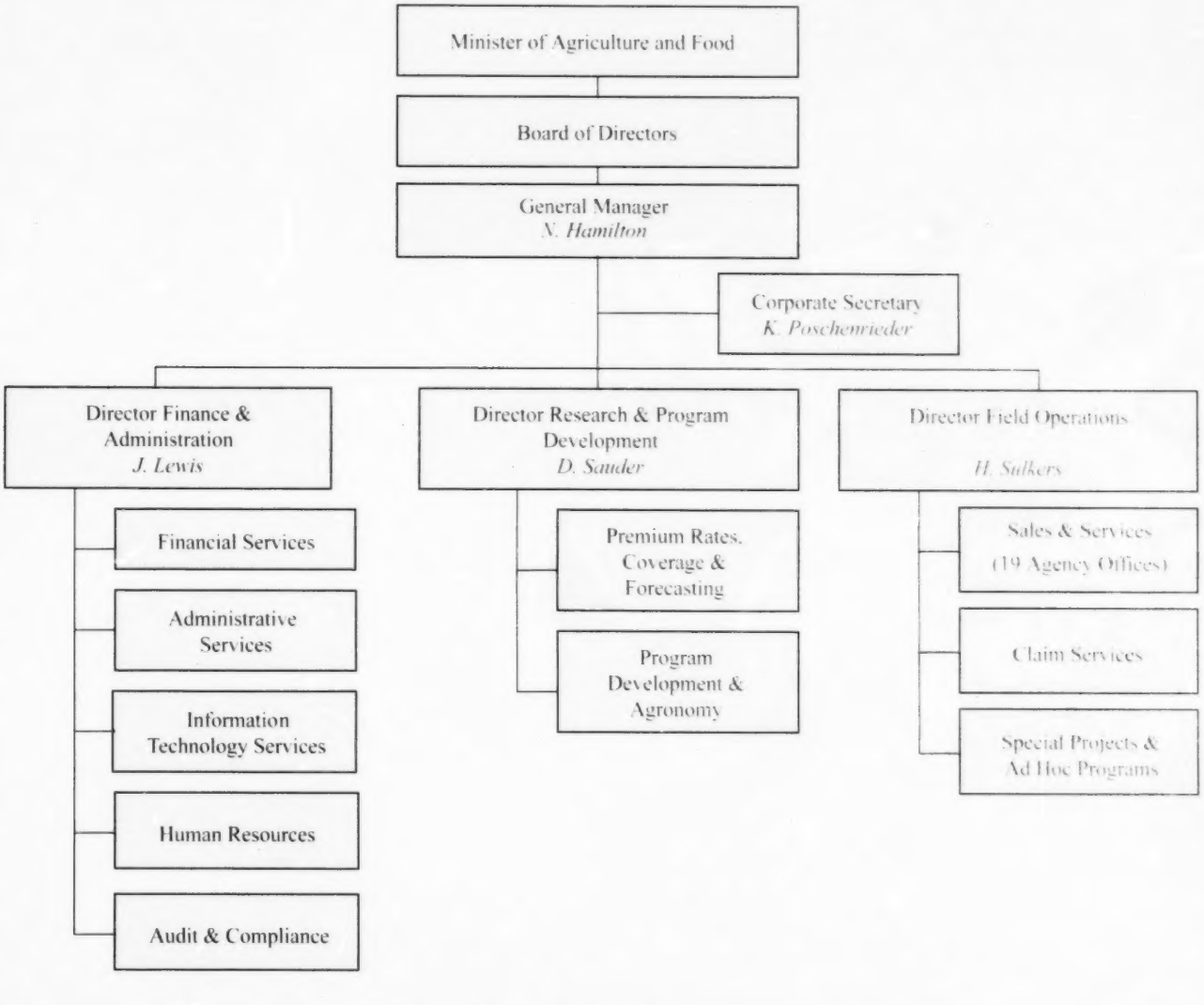
The Manitoba Crop Insurance Corporation (MCIC) is a Crown Corporation of the Province of Manitoba. The Corporation's policies are established by its Board of Directors which reports directly to Manitoba's Minister of Agriculture and Food. The Board and staff consult on a regular basis with producers and producer groups with respect to crop insurance issues and needs.

The Corporation has a permanent complement of 100 staff years, supplemented as required by adjusting and part-time staff. MCIC currently employs over 140 adjusters.

An independent three-member Appeal Tribunal holds hearings related to disputes between insured producers and the Corporation respecting the Corporation's assessment of loss or damage. The Appeal Tribunal's decisions are final and binding on both parties.

The Corporation's programs and services are delivered by 19 Agency Offices, strategically located throughout the province as shown on Page 22. Head Office is located in Portage la Prairie. Agency Offices are connected to the main computer at Head Office for efficient access to client's data. A local area network provides for electronic communications amongst all staff and offices.

Manitoba Crop Insurance Corporation - March 31, 2001



Current Programs

Crop Insurance Program

The Crop Insurance Program provides production insurance against natural perils for 44 separate crops. Insurance is also provided for forages during the establishment stage and for the inability to seed land due to wet conditions.

The natural perils covered by insurance include drought, excess moisture, excess rainfall, flood, frost, hail, fire, excess heat, wind, wildlife and waterfowl, disease and pests. Causes of loss that are within an insured producer's control are not covered.

Producers can select coverage levels of 50%, 70% or 80%. Individual crops can be insured at different coverage levels or can be excluded from coverage completely. Coverage is based on the producer's expected (probable) yield multiplied by the coverage level selection multiplied by the number of insured acres. If harvested production falls below coverage, an indemnity equal to the production shortfall multiplied by the dollar value is paid to the insured producer.

Excess Moisture Insurance (EMI) is a basic program feature of crop insurance. All producers with an active MCIC contract have EMI coverage on land intended for spring seeding, with the related premiums paid by the two levels of government. If producers are unable to seed their land by June 20th due to wet conditions, they are eligible for compensation of $50 per acre multiplied by the number of unseeded acres (due to excess moisture) less the applicable deductible. A zero deductible option is also available.

The Province is divided into fifteen areas of similar crop production risk based on factors such as climate, topography and yield history. The risk areas, which are shown on Page 21, form the geographic basis for coverage and premium determination. The probable yields that are used to determine coverage are individualized based on the producer's yield history relative to the area average.

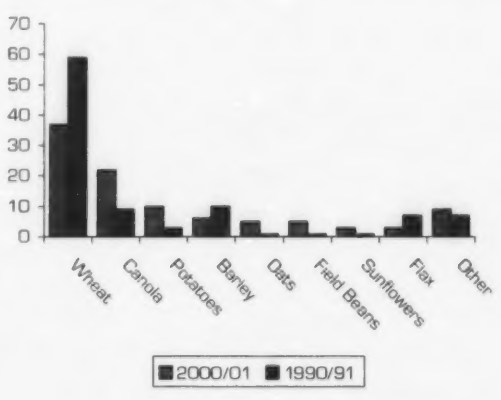
Premium costs are shared between insured producers and the Governments of Canada and Manitoba. For the 50% coverage level and basic EMI, there is no producer premium, with the related cost being paid 60% by Canada and 40% by Manitoba. For coverage above the 50% level and for the EMI zero deductible option, producers pay half of the premium cost with the remainder shared equally by Canada and Manitoba. A producer's claim experience results in premium discounts or surcharges.

Producers pay a $0.20 per acre administration fee. In 2000/01, the administration fees charged to producers covered approximately 20% of the total administrative expenses. The remainder of the administrative expenses is shared equally by the two levels of government.

Claims are adjusted on a crop specific basis. Insured producers receive indemnity payments based on the difference between their coverage and the total amount of harvested production. If the grade of the harvested crop falls below the quality guarantee, harvested production is reduced by the relative market value of the crop.

Table 3 on Page 16 provides a summary of insurance written in 2000/01, including the major causes of loss by crop. Eight of Manitoba's major crops (wheat, canola, potatoes, barley, oats, field beans, sunflowers and flax) account for over 91% of total coverage. Compared to the levels of ten years earlier, the percentage of total coverage written for 2000/01 has increased for canola (244%), potatoes (333%), oats (500%), field beans (500%) and sunflowers (300%) and has decreased for wheat (63%), barley (60%) and flax (43%). These changes reflect Manitoba's producers' diversification and movement to higher value crops. The relative shift in crops is illustrated in Figure 1.

Figure 1
COVERAGE WRITTEN
Crop Insurance Program



Excess moisture was the major cause of loss in 2000 accounting for 71% of total losses. Other substantial causes of loss included disease (9%), hail (8%), and frost (5%). Figure 2 shows the 2000/01 causes of loss, with the historical causes shown in Figure 3.

The 2000 crop insurance loss ratio (losses as a percentage of premium) averaged 45%. By crop, the largest loss ratios occurred in lentils (196%), hemp grain (196%), open pollinated corn (189%), greenfeed (179%), non-oil sunflowers (140%), mustard (121%), native hay (112%) and feed wheat (103%). The smallest loss ratios occurred in vegetables and winter wheat, both having loss ratios of less than 10%.

In summary, 8.7 million acres were insured under the Crop Insurance Program for the 2000 crop year. This is the largest acreage ever insured by MCIC. Figure 4 illustrates the acres insured over the past five years.

Total premiums for 2000/01 were $80.0 million on $832 million of coverage (liability). Indemnity payments for the year totalled $36.3 million. A historical summary of premiums and indemnities is shown in Table 4 on Page 19, with the most recent five years illustrated in Figure 5.

After accounting for interest revenue of $14.8 million, MCIC realized a $57.7 million operating surplus for 2000/01. This resulted in retained earnings increasing from $228.5 million to $286.2 million.

Figure 2
2000/01 CAUSES OF LOSS
Crop Insurance Program

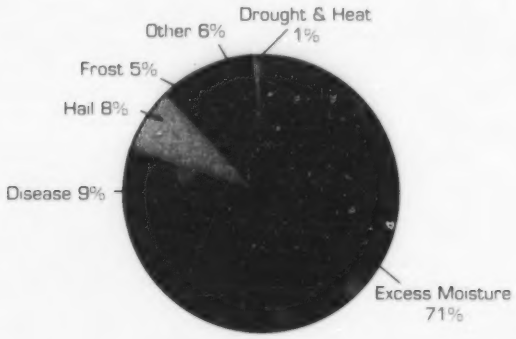


Figure 3
1966/67 to 1999/00 CAUSES OF LOSS
Crop Insurance Program

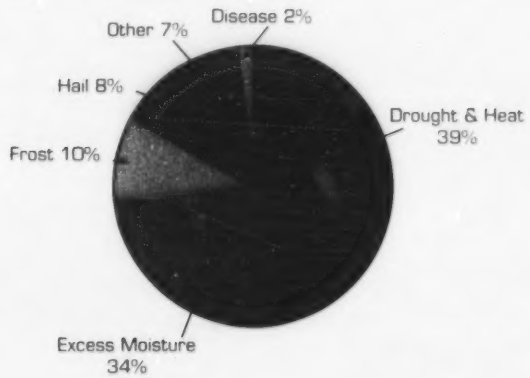


Figure 4
ACRES INSURED
Crop Insurance Program

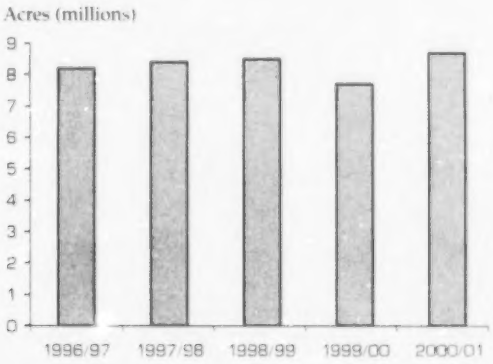
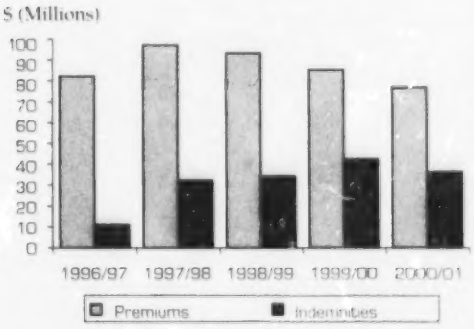


Figure 5
TOTAL PREMIUMS and INDEMNITIES
Crop Insurance Program



Hail Insurance Program

Spot loss protection against hail damage is available to producers enrolled in the Crop Insurance Program. Producer premiums pay for the full cost of the Hail Insurance Program, including administrative expenses. Premium rates are calculated by Crop Insurance risk areas, rather than by township as is the case for private insurance. Coverage can be selected at any time during the growing season and is available in various dollar amounts depending on the crop. The Hail Insurance Program also provides coverage for losses due to accidental fires.

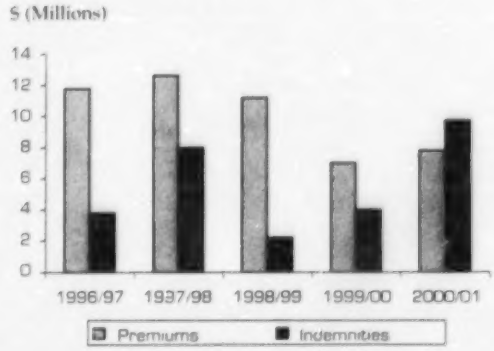
In 2000/01, MCIC insured 2.3 million acres for a total coverage of $242 million. Total premium prior to discounts was $7.9 million with indemnities of $9.7 million. The resulting loss ratio was 123%. Figure 6 provides a summary of Hail Insurance experience over the last five years.

After adjusting for interest revenues of $1.2 million, net reinsurance proceeds of $1.7 million and administrative expenses of $1.8 million, there was an operating loss for the year of $0.8 million. Retained earnings decreased from $21.5 million to $20.7 million.

Figure 6

TOTAL PREMIUMS AND INDEMNITIES

Hail Insurance Program



Gross Revenue Insurance Plan

At the end of the 1995/96 crop year, the Gross Revenue Insurance Plan (GRIP) was discontinued. The Manitoba component of this national program operated for five years (1991/92 to 1995/96) and was administered by the Corporation. GRIP was offered as a top-up to crop insurance and provided producers with a combination of price and yield insurance.

In February of 1997, $47.5 million of the ending surplus was distributed to participating producers according to their respective premium contributions. The balance of the surplus was $23.3 million as of March 31, 2001. The producers' share of this surplus ($7.8 million) will be distributed in April 2001 and the governments' share will continue to earn interest until a final decision is made regarding disbursement.

Wildlife Damage Compensation Program

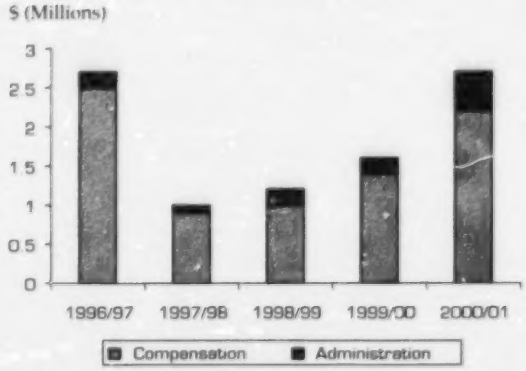
The Wildlife Damage Compensation Program reduces the financial loss suffered by agricultural producers from damage to crops and other agricultural products caused by migratory waterfowl and big game. In 1997/98, the Wildlife Damage Compensation Program was expanded to include compensation for agricultural livestock killed or injured by natural predators.

Producers are expected to take all reasonable steps to prevent wildlife damage and predator attacks. Crop damage compensation is paid based on 100% of lost production, taking into account crop quality. Compensation for livestock losses due to predation is based on market prices.

Figure 7

HISTORICAL EXPENDITURES

Wildlife Damage Compensation Program



For 2000/01, wildlife damage compensation payments and administration fees totalled $2.7 million. Payments increased from the previous year mainly due to an increase in big game claims. Experience for the three program components is shown in Table 1 below. Figure 7 provides a summary of wildlife compensation levels and administrative expenses for the last five years.

Table 1

Wildlife Damage Compensation Program

Damage Caused by	Number of Claims		Compensation ($000)		Administration ($000)		Total ($000)	
	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00	2000/01	1999/00
Big Game	1,034	445	$1,352.0	$ 655.4	$ 337.7	$ 112.5	$1,689.7	$ 767.9
Waterfowl	336	402	658.2	570.2	61.4	57.4	719.6	627.6
Livestock Predation	617	478	210.5	152.7	88.3	44.9	298.8	197.6
Total Wildlife Damage Compensation	1,987	1,325	$2,220.7	$1,378.3	$ 487.4	$ 214.8	$2,708.1	$1,593.1

Manitoba Management Plus Program

Through the extension activities of the Manitoba Management Plus Program (MMPP), MCIC is assisting producers in making more informed management decisions, which in turn should reduce crop insurance claims. The MMPP was started in 1993 and is currently a joint project of MCIC, the Department of Manitoba Agriculture and Food, the Manitoba Rural Adaptation Council, the Manitoba Cooperator and Keystone Agricultural Producers. Information distributed to producers in 2000/01 included the variety performance information publication "Yield Manitoba" and new query tools for accessing variety and fertilizer benchmark information via the Internet. The benchmark information provided through MMPP is considered by producers and the agricultural industry to be a very valuable resource.

Canada-Manitoba Adjustment Program

The Canada-Manitoba Adjustment Program (CMAP) was administered by the Corporation in 2000/01. CMAP was a one-time payment to assist producers in adjusting to the elimination of transportation subsidies on specific grains, oilseeds and special crops during a period of low commodity prices.

As of March 31, 2001, this program paid $100 million to over 17,000 Manitoba producers. Payments were calculated on the basis of the greater of the 1998 eligible sales or the average eligible sales from 1994 to 1998. The maximum eligible sales was $125,000 for an individual and for each shareholder in a corporation, up to a corporate maximum of $625,000. The program was cost shared by the Governments of Canada (60%) and Manitoba (40%). The administrative expenses for the program totalled $100,000 (1/10 of 1% of payments).

A total payment of 8.315% of qualifying sales was mailed to producers in two installments, the first in April 2000 with a final payment in September 2000. An additional provision for new producers has been established and payments are to be made in 2001/02.

Canada-Manitoba Adjustment Program 2

The Canada-Manitoba Adjustment Program 2 (CMAP 2) was announced in March 2001. This program will provide $92 million to Manitoba producers in order to lessen the impact of the farm income crisis in the grains, oilseeds and special crop sectors during a period of low commodity prices. CMAP 2 is based on a producer's highest level of qualifying sales from 1997 to 1999. Eligible sales are capped at the same levels as CMAP. The program is cost shared by the Governments of Canada (60%) and Manitoba (40%).

The first payment of 5% of a producer's qualifying sales is expected to be issued starting in June 2001. The balance of payment is expected to be paid in the fall of 2001 once all applications are processed and appeals have been heard.

Wildlife Damage Compensation Program								
Damage Caused by	Number of Claims		Compensation ($000)		Administration ($000)		Total ($000)	
	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00	2000-01	1999-00
Big Game	1,034	448	$1,352.0	$ 655.4	$ 337.7	$ 112.5	$1,689.7	$ 767.9
Waterfowl	336	402	658.2	670.5	61.4	57.4	719.6	727.9
Livestock Predation	617	475	210.5	152.7	88.3	44.9	298.8	197.6
Total Wildlife Damage Compensation	1,987	1,325	$2,220.7	$1,378.3	$ 487.4	$ 214.8	$2,708.1	$1,593.1

Manitoba Management Plus Program

Canada-Manitoba Adjustment Program

Canada-Manitoba Adjustment Program 2

Table 2

Five Year Statistics

	2000/01	1999/00	1998/99	1997/98	1996/97
Crop Insurance Program					
Total coverage ($ millions)	832.2	855.2	884.1	900.4	755.4
Number of producer contracts	11,309	11,273	11,644	12,421	12,788
Insured acres (000)	8,683	7,687	8,496	8,439	8,175
Premiums - Producers ($000)	21,490	23,492	25,517	26,833	23,435
Premiums - Government of Canada ($000)	32,939	34,874	38,320	39,656	33,074
Premiums - Province of Manitoba ($000)	25,541	27,164	29,800	30,910	25,955
Total premiums ($000)	79,970	85,530	93,638	97,399	82,465
Indemnities paid ($000)	36,291	42,558	34,346	32,495	11,102
Number of claims paid	6,013	6,194	6,831	5,929	3,097
Administrative expenses ($000)	9,221	8,667	8,541	8,454	8,485
Average acres per contract	768	682	730	679	639
Average coverage per contract ($)	73,587	75,863	75,928	72,490	59,071
Average coverage level selected (%)	70.9	71.3	71.4	71.1	71.5
Average producer premium per contract ($)	1,900	2,084	2,191	2,160	1,833
Average total premium per contract ($)	7,071	7,587	8,042	7,841	6,449
Average indemnity per claim ($)	6,035	6,876	5,028	5,481	3,585
Net income for the year ($ millions)	57.7	52.8	58.4	52.3	48.1
Funds retained at year end ($ millions)	286.2	228.5	175.7	117.3	65.0
Hail Insurance Program					
Total coverage ($ millions)	241.6	185.4	274.3	307.8	315.8
Number of producer contracts	3,444	3,378	4,533	5,203	5,364
Insured acres (000)	2,295	2,029	3,009	3,384	3,440
Premiums, net of discounts ($000)	7,754	7,012	11,232	12,583	11,813
Indemnities paid ($000)	9,738	4,048	2,173	7,987	3,801
Number of claims paid	2,646	1,331	746	2,106	1,582
Administrative expenses ($000)	1,773	1,418	1,460	1,869	1,747
Average acres per contract	666	601	664	650	641
Average coverage per contract ($)	70,151	54,885	60,512	59,158	58,874
Average premium per contract ($)	2,251	2,076	2,478	2,418	2,202
Average indemnity per claim ($)	3,680	3,042	2,912	3,793	2,403
Net income for the year ($ millions)	(0.8)	2.2	8.7	2.5	6.8
Funds retained at year end ($ millions)	20.7	21.5	19.3	10.6	8.1
Wildlife Damage Compensation Program					
Number of claims paid	1,987	1,325	1,136	767	1,466
Amount of compensation paid ($000)	2,221	1,378	1,011	890	2,510
Administrative expenses ($000)	487	215	172	146	215
Average compensation per claim ($)	1,118	1,040	890	1,160	1,712

2000 Cropping Conditions

During the 2000 crop year, many producers were able to get onto their fields early but were soon faced with less than ideal conditions.

The snow melted early and April was relatively warm, allowing many producers to take advantage of an early seeding opportunity. Initially, there was little spring runoff causing low dugout levels and concerns about crop emergence. By the time substantial precipitation arrived in mid-May, it was welcomed by many producers. For the most part, seeding was completed by early June. The average seeding date in 2000 was at least two weeks earlier than normal.

Most regions of the province experienced extremely wet conditions for at least some part of the growing season. In June, over half the province experienced rainfall amounts of at least 150% of normal. Some areas in the southeast region were 250% of normal. Early crop development was slowed by the cool, cloudy and wet conditions that occurred during the last half of May and the better part of June. Temperatures during early July returned to more normal levels, improving crop development.

The wet and humid conditions experienced during the growing season resulted in high disease pressures and a relatively continuous occurrence of mild hailstorms. In fact, 2000 resulted in the highest indemnities ever paid from MCIC's Hail Insurance Program.

Warm weather during the first half of August caused the early seeded crop to mature quickly. Unfortunately, below normal temperatures and moderate to heavy rainfalls returned in late August and persisted into September. This adverse weather delayed harvesting in many areas and resulted in grade losses. In the case of the later seeded crops, it was fortunate that the first significant fall frost did not occur until the third week of September.

Even though there were significant problems with wet conditions in some areas, the provincial yield for some crops was above average. Red spring wheat, oats and field peas yielded 40, 80 and 40 bu/ac, respectively. Other crops only managed to achieve normal yields. For example, barley, canola and flax averaged yields of 60, 28 and 18 bu/ac, respectively. Despite the provincial average yields achieved, it is important to note that for many producers, the wet conditions resulted in both below average yields and quality losses.

Hay yields, for the most part, were average but varied greatly in quality. Over-winter feed supplies were generally adequate. Fall soil moisture conditions ranged from adequate to excessive, making a general drought in 2001 very unlikely.

Table 3

Crop Insurance Program
Summary of Insurance Written and Major Causes of Loss by Crop (for the year ended March 31, 2001)

Crop	Acres Insured	Coverage ($000)	Total Premium ($000)	Indemnities ($000)	Loss Ratio (%)	Major Causes of Loss	(%)		(%)		(%)
Red Spring Wheat	2,917,117	$ 280,893.3	$ 22,009.5	$ 4,423.9	20	Excess Moisture	87	Hail	9		
Durum Wheat	108,343	7,841.7	726.8	101.1	14	Hail	28	Disease	25	Excess Moisture	23
Extra Strong Wheat	71,749	5,997.5	638.1	68.4	11	Excess Moisture	68	Hail	25		
Prairie Spring Wheat	29,782	2,607.5	250.8	40.7	16	Excess Moisture	79	Heat	12	Hail	5
Feed Wheat	13,505	934.5	76.7	78.7	103	Hail	73	Excess Moisture	27		
Winter Wheat	105,565	6,186.7	754.1	29.4	4	Drought	55	Hail	22	Frost	13
Barley	913,382	49,698.8	3,557.6	1,894.7	53	Excess Moisture	88	Hail	6		
Oats	655,595	39,881.2	3,250.8	1,103.0	34	Excess Moisture	77	Hail	14		
Mixed Grain	6,890	261.7	32.6	7.1	22	Excess Moisture	94				
Fall Rye	39,065	1,114.2	134.1	28.1	21	Excess Moisture	52	Wind	16	Drought	16
Triticale	3,514	99.8	10.0	6.4	64	Excess Moisture	36	Frost	32	Heat	32
Canola	2,028,613	182,941.8	17,445.1	8,248.5	47	Excess Moisture	78	Frost	8	Hail	8
Flax	376,128	23,802.5	2,258.4	2,191.8	97	Excess Moisture	83	Hail	10		
Mustard	8,859	623.6	100.1	121.1	121	Excess Moisture	79	Disease	8	Hail	7
Oil Sunflowers	22,425	2,268.7	247.1	124.7	50	Excess Moisture	90				
Non Oil Sunflowers	136,715	23,810.0	2,737.5	3,830.5	140	Excess Moisture	59	Disease	11	Hail	10
Buckwheat	24,227	1,539.7	413.3	387.4	94	Excess Moisture	76	Hail	14		
Grain Corn	111,447	14,872.5	2,623.2	517.1	20	Excess Moisture	87	Adverse Weather	5		
Silage Corn	20,566	2,844.0	144.7	126.2	87	Excess Moisture	98				
Potatoes	75,684	87,374.9	5,306.5	4,738.0	89	Disease	49	Excess Moisture	37	Frost	9
Vegetables *	438	690.7	48.3	0.0	0						
Field Peas	130,135	9,544.6	911.4	371.9	41	Excess Moisture	72	Hail	20		
Lentils	32,639	4,129.9	797.4	1,562.5	196	Excess Moisture	64	Disease	14	Hail	13
Fababeans	18,204	1,558.0	276.4	54.5	20	Excess Moisture	94				
Field Beans *	244,586	43,846.0	7,432.9	1,638.5	22	Excess Moisture	88	Hail	5		
Soybeans	16,751	1,450.3	248.3	43.7	18	Excess Moisture	92				
Tame Hay *	288,571	17,360.7	1,691.6	395.8	23	Excess Moisture	78	Drought	10	Frost	8
Native Hay	36,990	789.4	172.5	193.8	112	Excess Moisture	100				
Forage Establishment	109,820	3,393.4	634.6	163.3	26	Excess Moisture	67	Drought	14	Frost	7
Pedigreed Timothy Seed	18,696	1,166.3	187.5	39.5	21	Excess Moisture	67	Hail	29		
Alfalfa Seed	32,351	5,689.0	986.9	526.1	53	Excess Moisture	86	Frost	12		
Canaryseed	28,961	2,341.0	276.5	198.1	72	Excess Moisture	97				
Annual Ryegrass Seed	2,967	270.7	42.3	7.0	17	Drought	48	Excess Moisture	26	Hail	26
Hemp Grain	4,741	919.1	87.4	171.7	196	Excess Moisture	65	Hail	28	Wind	6
Unseeded	31,592	1,881.9	98.8	176.6	179	Excess Moisture	75	Drought	13		
Open Pollinated Corn	16,454	1,660.2	280.5	529.2	189	Excess Moisture	34	Poor Germination	21	Frost	20
Unallocated Adjustment			3.0	537.7							
Subtotal	8,683,007	$ 832,205.5	$ 76,893.5	$ 34,677.7	45						
Excess Moisture Insurance	$ 315,550	$ 302,932.6	3,076.8	1,613.8	52	Excess Moisture	100				
Total			$ 79,970.3	$ 36,291.5	45	Excess Moisture	51	Disease	24	Hail	8

*Field Beans include White Pea, Pinto, Kidney and Cranberry and Other Field Beans
Tame Hay includes Alfalfa, Alfalfa Grass Mixtures, Grasses and Sweet Clover

Crop Insurance Program
Summary of Insurance Written and Major Causes of Loss by Crop (for the year ended March 31, 2001)

Crop	Acres Insured	Coverage (000)	Total Premium (000)	Indemnities (000)	Loss Ratio (%)	Major Causes of Loss	(%)		(%)		(%)
Red Spring Wheat	2,917,117	$ 280,893.3	$ 22,009.5	$ 4,424.9	20	Excess Moisture	87	Hail	9		
Durum Wheat	**108,343**	**7,841.7**	**726.8**	**101.1**	**14**	**Hail**	**28**	**Disease**	**25**	**Excess Moisture**	**23**
Extra Strong Wheat	71,749	5,997.5	638.1	68.4	11	Excess Moisture	68	Hail	25		
Prairie Spring Wheat	**29,782**	**2,607.5**	**250.8**	**40.7**	**16**	**Excess Moisture**	**79**	**Heat**	**12**	**Hail**	**5**
Feed Wheat	13,505	934.5	76.7	78.7	103	Hail	73	Excess Moisture	27		
Winter Wheat	**105,565**	**6,186.7**	**754.1**	**29.4**	**4**	**Drought**	**55**	**Hail**	**22**	**Frost**	**13**
Barley	913,382	49,698.8	3,557.6	1,894.7	53	Excess Moisture	88	Hail	6		
Oats	**655,595**	**39,881.2**	**3,250.8**	**1,103.0**	**34**	**Excess Moisture**	**77**	**Hail**	**14**		
Mixed Grain	6,890	261.7	32.8	7.1	22	Excess Moisture	94				
Fall Rye	**39,065**	**1,114.2**	**134.1**	**28.1**	**21**	**Excess Moisture**	**52**	**Wind**	**16**	**Drought**	**16**
Triticale	3,514	99.5	10.0	6.4	64	Excess Moisture	36	Frost	32	Heat	32
Canola	**2,028,613**	**182,941.8**	**17,445.1**	**8,248.5**	**47**	**Excess Moisture**	**78**	**Frost**	**8**	**Hail**	**8**
Flax	376,128	23,802.5	2,258.4	2,191.8	97	Excess Moisture	83	Hail	10		
Mustard	**8,859**	**623.6**	**100.1**	**121.1**	**121**	**Excess Moisture**	**79**	**Disease**	**8**	**Hail**	**7**
Oil Sunflowers	22,425	2,268.7	247.1	124.7	50	Excess Moisture	90				
Non Oil Sunflowers	**136,715**	**23,810.0**	**2,737.5**	**3,830.5**	**140**	**Excess Moisture**	**59**	**Disease**	**11**	**Hail**	**10**
Buckwheat	24,227	1,539.7	413.3	387.4	94	Excess Moisture	76	Hail	14		
Grain Corn	**111,447**	**14,872.5**	**2,623.2**	**517.1**	**20**	**Excess Moisture**	**87**	**Adverse Weather**	**5**		
Silage Corn	20,566	2,844.0	144.7	126.2	87	Excess Moisture	98				
Potatoes	**75,684**	**87,374.9**	**5,306.5**	**4,738.0**	**89**	**Disease**	**49**	**Excess Moisture**	**37**	**Frost**	**9**
Vegetables *	438	690.7	48.3	0.0	0						
Field Peas	**130,135**	**9,544.6**	**911.4**	**371.9**	**41**	**Excess Moisture**	**72**	**Hail**	**20**		
Lentils	32,639	4,129.9	797.4	1,562.5	196	Excess Moisture	64	Disease	14	Hail	13
Fababeans	**18,204**	**1,558.0**	**276.4**	**54.5**	**20**	**Excess Moisture**	**94**				
Field Beans *	244,586	43,846.0	7,432.9	1,638.5	22	Excess Moisture	88	Hail	5		
Soybeans	**16,751**	**1,450.3**	**248.3**	**43.7**	**18**	**Excess Moisture**	**92**				
Tame Hay *	288,571	17,360.7	1,691.6	395.8	23	Excess Moisture	78	Drought	10	Frost	8
Native Hay	**36,990**	**789.4**	**172.5**	**193.8**	**112**	**Excess Moisture**	**100**				
Forage Establishment	109,820	3,393.4	634.6	163.3	26	Excess Moisture	67	Drought	14	Frost	7
Pedigreed Timothy Seed	**18,696**	**1,166.3**	**187.5**	**39.5**	**21**	**Excess Moisture**	**67**	**Hail**	**29**		
Alfalfa Seed	32,351	5,609.0	986.9	526.1	53	Excess Moisture	86	Frost	12		
Canaryseed	**28,961**	**2,341.0**	**276.5**	**198.1**	**72**	**Excess Moisture**	**97**				
Annual Ryegrass Seed	2,997	270.7	42.3	7.0	17	Drought	48	Excess Moisture	26	Hail	26
Hemp Grain	**4,741**	**919.1**	**87.4**	**171.7**	**196**	**Excess Moisture**	**65**	**Hail**	**28**	**Wind**	**6**
Greenfeed	31,592	1,881.9	98.8	176.6	179	Excess Moisture	75	Drought	13		
Open Pollinated Corn	**16,454**	**1,660.2**	**280.5**	**529.2**	**189**	**Excess Moisture**	**34**	**Poor Germination**	**21**	**Frost**	**20**
Unallocated Adjustments			3.0	537.7							
Subtotal	8,683,097	$ 832,205.5	$ 76,893.5	$34,677.7	45						
Excess Moisture Insurance	8,415,550	$ 402,912.6	3,076.8	1,613.8	52	Excess Moisture	100				
Total			$ 79,970.3	$36,291.5	45	Excess Moisture	71	Disease	9	Hail	8

*Field Beans include White Pea, Pinto, Kidney and Cranberry and Other Field Beans
Tame Hay includes Alfalfa, Alfalfa /Grass Mixtures, Grasses and Sweet Clover
Vegetables include Carrots, Cooking Onions, Rutabagas and Parsnips

Producer Survey

Background

Manitoba Crop Insurance Corporation (MCIC) hired Prairie Research Associates Inc. (PRA) to undertake a survey of both its customers as well as producers who do not carry all risk crop insurance. The survey involved a sample of customers and non-customers, selected at random from MCIC's database.

PRA first contacted the selected producers by telephone to invite them to participate in the survey. A survey package was mailed to those who agreed to participate. A total of 983 customers and 231 non-customers returned a completed survey.

Profile of MCIC Customers

The survey found that the typical MCIC customer has been insured by the Corporation for almost 20 years. While one-quarter of customers buy a mix of coverage levels, most tend to insure all the acres at the same level of coverage.

About 70% of MCIC's all risk customers buy hail insurance. Of those who buy hail insurance, about half buy from private insurers, one-third from MCIC, with the remainder buying from both private and MCIC.

Customer Satisfaction With Insurance Products

Customers were asked to rate their satisfaction with MCIC's products. A significant number of MCIC's customers felt that they did not know enough about the Tame Hay Program, the Wildlife Damage Compensation Program or the Hail Insurance Program to be able to determine a satisfaction rating.

Typically, those who felt that they could rate their satisfaction gave a good rating. Of the programs offered, Crop Insurance received the highest satisfaction rating. Customers expressed the least satisfaction with the Wildlife Damage Compensation Program.

Customer Satisfaction With Staff

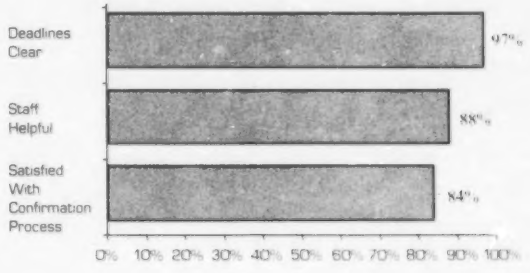
Customers reported they were generally satisfied with the confirmation and sales process and with their agency office staff's assistance in this process. Most report that deadlines are clear and their experiences in terms of paying and seeking information on their accounts have been convenient.

During the year, those producers who had the occasion to have contact with MCIC's agency staff reported that they were helpful, polite, knowledgeable and responsive.

About half of the respondents report filing a claim in the past two years. The vast majority stated their adjuster was polite, knowledgeable and helpful. Most customers report being satisfied with the assessed amount of loss. As well, most believed that they had received all the benefits to which they were entitled and were satisfied with the outcome of their claim.

Figure 8

OVERVIEW OF CUSTOMER CONFIRMATION/ SALES PROCESS



Non-Customers

Most producers who currently are not customers reported that they were customers of MCIC at one time. The most common reason given for not insuring is that they felt yield coverage is too low or that coverage is too expensive.

Some producers reported that they did not insure due to an unsatisfactory experience with MCIC in the past. About one-quarter reported that an important reason in their decision was that they no longer rely on crops for income.

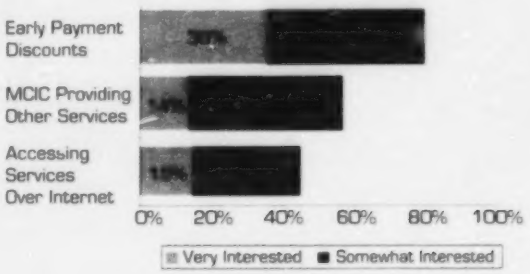
Service Improvements

Current customers and non-customers expressed interest in service improvements. Amongst current customers, many are interested in: an early payment discount; MCIC providing other services such as record keeping; and using the Harvested Production Report declaration as a means of paying claims. There was some interest in accessing services over the Internet.

Most customers and non-customers are interested in higher coverage levels. Some interest was also shown in a whole farm approach with higher coverage and/or lower cost.

Figure 9

INTEREST IN NEW SERVICES



Summary and Conclusions

Although producers are somewhat less satisfied with the insurance products provided by the Corporation, only a few had suggestions of how the products could be improved.

MCIC will continue to address producers' concerns. For example, there are a number of producers who said that they are willing to pay more to get more coverage. This and other program changes need to be seriously considered in order to meet customer expectations.

In addition to ongoing consultations with producers and producer groups, MCIC will continue to survey producers in the future to monitor producer concerns and solicit suggestions for program and service improvements.

Table 4

Summary of Participation, Premiums and Indemnities Paid

Year	Crop Insurance Program [1] Number of Contracts [2]	Acres Insured	Coverage ($000)	Producer Premiums ($000)	Total Premiums [3] ($000)	Indemnities ($000)	Annual Loss Ratio (%)	Hail Insurance Program Number of Contracts	Acres Insured	Coverage ($000)	Premiums [4] ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1960-61	2,472	331,166	4,072	255.5	319.4	87.1	27						
1961-62	**3,654**	**505,565**	**6,687**	**434.8**	**543.5**	**1,586.4**	**292**						
1962-63	4,413	748,461	9,480	684.2	855.3	531.5	62						
1963-64	**5,142**	**863,501**	**12,222**	**816.9**	**1,021.1**	**1,242.2**	**122**						
1964-65	6,141	997,929	13,655	941.0	1,176.2	279.3	24						
1965-66	**8,610**	**1,369,635**	**18,681**	**1,296.5**	**1,620.6**	**398.8**	**25**						
1966-67	12,915	1,921,053	25,910	1,756.9	2,196.1	796.4	36						
1967-68	**14,116**	**2,215,552**	**33,268**	**2,065.4**	**2,753.9**	**729.1**	**26**						
1968-69	14,481	2,268,143	36,418	2,324.4	3,099.2	2,288.5	74						
1969-70	**14,236**	**1,860,624**	**31,921**	**1,945.2**	**2,593.6**	**3,726.9**	**144**						
1970-71	13,669	1,587,276	26,873	1,505.2	2,006.9	2,061.5	103	1,583	227,926	4,576	114.3	112.8	99
1971-72	**13,233**	**2,244,971**	**36,961**	**2,187.3**	**2,916.4**	**1,018.4**	**35**	**2,668**	**561,663**	**11,463**	**279.9**	**80.1**	**29**
1972-73	11,945	2,027,966	35,354	1,895.8	2,527.8	983.1	39	2,443	528,351	10,932	270.9	70.5	26
1973-74	**13,585**	**3,070,213**	**59,651**	**2,135.6**	**4,271.3**	**2,216.5**	**52**	**3,626**	**983,978**	**24,521**	**550.0**	**617.0**	**112**
1974-75	13,878	3,220,838	81,769	2,846.6	5,693.2	8,299.4	146	3,681	1,016,056	30,928	684.6	423.2	62
1975-76	**14,199**	**3,640,868**	**126,602**	**4,785.4**	**9,570.8**	**9,338.9**	**98**	**4,411**	**1,255,907**	**42,472**	**902.8**	**1,239.5**	**137**
1976-77	14,583	4,019,879	151,564	5,630.8	11,261.7	8,881.8	79	4,263	1,317,874	47,318	1,029.2	1,197.2	116
1977-78	**18,016**	**5,134,974**	**210,442**	**9,384.7**	**18,769.5**	**5,590.6**	**30**	**4,751**	**1,530,513**	**57,205**	**1,261.5**	**1,231.5**	**98**
1978-79	15,950	4,551,774	189,208	8,273.6	16,547.2	6,445.4	39	5,062	1,729,463	66,998	1,700.1	1,825.2	107
1979-80	**17,275**	**4,237,086**	**186,806**	**8,355.8**	**16,711.6**	**11,177.1**	**67**	**4,260**	**1,576,189**	**63,685**	**1,683.2**	**997.9**	**59**
1980-81	14,176	4,741,665	245,847	9,763.1	19,526.1	55,288.7	283	3,518	1,225,244	62,927	1,552.3	1,042.7	67
1981-82	**14,633**	**4,945,403**	**301,470**	**12,035.9**	**24,071.8**	**18,770.3**	**78**	**4,435**	**1,753,538**	**94,251**	**2,273.1**	**2,266.4**	**100**
1982-83	14,087	4,869,848	309,764	13,256.1	26,512.1	22,600.4	85	4,686	1,961,043	128,490	3,196.1	2,557.6	80
1983-84	**13,837**	**4,878,330**	**322,254**	**13,329.9**	**26,659.7**	**22,297.6**	**84**	**5,104**	**2,193,680**	**142,994**	**3,520.8**	**3,038.1**	**86**
1984-85	14,087	5,201,958	355,025	15,028.4	30,056.8	29,543.0	98	6,079	2,708,265	178,872	4,603.9	7,728.1	168
1985-86	**14,723**	**5,577,676**	**438,226**	**21,827.7**	**43,655.4**	**33,287.6**	**76**	**6,678**	**3,113,683**	**258,223**	**8,125.4**	**3,696.9**	**45**
1986-87	14,671	5,567,024	436,142	21,509.1	43,018.1	36,561.7	85	6,634	3,078,347	255,947	8,255.6	6,535.7	79
1987-88	**14,070**	**5,230,009**	**333,527**	**16,530.5**	**33,061.1**	**27,921.7**	**84**	**5,607**	**2,487,981**	**203,797**	**6,645.5**	**2,822.3**	**42**
1988-89	14,068	5,622,239	375,629	19,188.4	38,376.8	117,923.8	307	5,165	2,175,320	182,635	5,866.2	3,738.6	64
1989-90	**15,765**	**6,645,918**	**673,831**	**35,691.2**	**71,382.3**	**138,706.8**	**194**	**5,147**	**2,298,720**	**187,181**	**5,574.8**	**9,688.7**	**174**
1990-91	15,670	6,436,601	567,129	36,966.5	73,932.9	25,196.0	34	4,701	2,062,319	170,653	5,395.0	3,488.0	65
1991-92	**15,134**	**6,431,439**	**391,504**	**24,730.1**	**49,460.2**	**21,350.6**	**43**	**2,193**	**1,047,118**	**84,737**	**2,884.8**	**3,140.8**	**109**
1992-93	13,660	5,899,450	442,477	25,465.3	50,930.7	39,328.4	77	2,406	1,214,543	98,448	3,471.6	2,399.8	69
1993-94	**12,799**	**5,848,025**	**458,161**	**24,495.7**	**48,991.3**	**104,188.7**	**213**	**2,726**	**1,429,518**	**115,933**	**4,100.7**	**7,115.9**	**174**
1994-95	12,482	6,319,940	512,912	27,161.3	54,322.6	38,036.7	70	2,773	1,481,142	122,867	4,924.6	4,998.6	102
1995-96	**11,972**	**5,811,596**	**488,366**	**26,952.0**	**53,904.1**	**22,249.3**	**41**	**3,705**	**2,150,903**	**187,016**	**7,588.9**	**5,107.2**	**67**
1996-97	12,788	8,175,360	755,404	23,435.3	82,464.7	11,101.5	13	5,364	3,440,183	315,785	11,813.2	3,801.0	32
1997-98	**12,421**	**8,439,182**	**900,449**	**26,833.0**	**97,398.7**	**32,494.6**	**33**	**5,203**	**3,383,648**	**307,827**	**12,583.3**	**7,987.0**	**63**
1998-99	11,644	8,495,967	884,692	25,517.2	93,637.5	34,346.3	37	4,533	3,009,432	274,323	11,232.0	2,172.5	19
1999-00	**11,273**	**7,687,037**	**855,227**	**23,491.6**	**85,529.6**	**42,572.7**	**50**	**3,378**	**2,029,004**	**185,403**	**7,012.0**	**4,048.3**	**58**
2000-01	11,309	8,683,097	832,206	21,490.3	79,970.3	36,291.5	45	3,444	2,295,240	241,578	7,945.5	9,737.6	123

(1) Excludes Livestock Feed Security and Honey Programs

(2) Includes landlord contracts

(3) The total premium represents the producers' share plus the Government of Canada's and the Province of Manitoba's shares

(4) Hail Insurance Program premiums do not include discounts or surcharges

(5) For 2000-01, the acres and coverage for Excess Moisture Insurance are not included in the Crop Insurance Program totals

Non-Customers

Most producers who currently are not customers reported that they were customers of MCIC at one time. The most common reason given for not insuring is that they felt yield coverage is too low or that coverage is too expensive.

Some producers reported that they did not insure due to an unsatisfactory experience with MCIC in the past. About one-quarter reported that an important reason in their decision was that they no longer rely on crops for income.

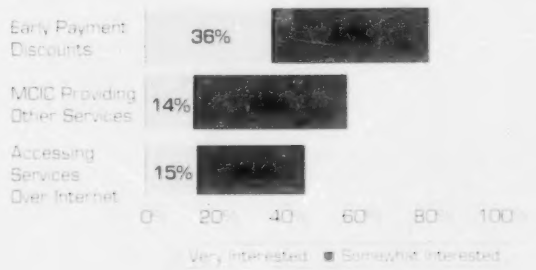
Service Improvements

Current customers and non-customers expressed interest in service improvements. Amongst current customers, many are interested in: an early payment discount; MCIC providing other services such as record keeping; and using the Harvested Production Report declaration as a means of paying claims. There was some interest in accessing services over the Internet.

Most customers and non-customers are interested in higher coverage levels. Some interest was also shown in a whole farm approach with higher coverage and/or lower cost.

Figure 9

INTEREST IN NEW SERVICES



Summary and Conclusions

Although producers are somewhat less satisfied with the insurance products provided by the Corporation, only a few had suggestions of how the products could be improved.

MCIC will continue to address producers' concerns. For example, there are a number of producers who said that they are willing to pay more to get more coverage. This and other program changes need to be seriously considered in order to meet customer expectations.

In addition to ongoing consultations with producers and producer groups, MCIC will continue to survey producers in the future to monitor producer concerns and solicit suggestions for program and service improvements.

Table 4

Summary of Participation, Premiums and Indemnities Paid

Year	Crop Insurance Program [1]							Hail Insurance Program					
	Number of Contracts [2]	Acres Insured	Coverage ($000)	Producer Premiums ($000)	Total Premiums [3] ($000)	Indemnities ($000)	Annual Loss Ratio (%)	Number of Contracts	Acres Insured	Coverage ($000)	Premiums [4] ($000)	Indemnities ($000)	Annual Loss Ratio (%)
1960-61	2,472	331,166	4,072	255.5	319.4	87.1	27						
1961-62	3,654	505,565	6,687	434.8	543.5	1,586.4	292						
1962-63	4,413	748,461	9,480	684.2	855.3	531.5	62						
1963-64	5,142	863,501	12,222	816.9	1,021.1	1,242.2	122						
1964-65	6,141	997,929	13,655	941.0	1,176.2	279.3	24						
1965-66	8,610	1,369,635	18,681	1,296.5	1,620.6	398.8	25						
1966-67	12,915	1,921,053	25,910	1,756.9	2,196.1	796.4	36						
1967-68	14,116	2,215,552	33,268	2,065.4	2,753.9	729.1	26						
1968-69	14,481	2,268,143	36,418	2,324.4	3,099.2	2,288.5	74						
1969-70	14,236	1,860,624	31,921	1,945.2	2,593.6	3,726.9	144						
1970-71	13,669	1,587,276	26,873	1,505.2	2,006.9	2,061.5	103	1,583	227,926	4,576	114.3	112.8	99
1971-72	13,233	2,244,971	36,961	2,187.3	2,916.4	1,018.4	35	2,668	561,663	11,463	279.9	80.1	29
1972-73	11,945	2,027,966	35,354	1,895.8	2,527.8	983.1	39	2,443	528,351	10,932	270.9	70.5	26
1973-74	13,585	3,070,213	59,651	2,135.6	4,271.3	2,216.5	52	3,626	983,978	24,521	550.0	617.0	112
1974-75	13,878	3,220,838	81,769	2,846.6	5,693.2	8,299.4	146	3,681	1,016,056	30,928	684.6	423.2	62
1975-76	14,199	3,640,868	126,602	4,785.4	9,570.8	9,338.9	98	4,411	1,255,907	42,472	902.8	1,239.5	137
1976-77	14,583	4,019,879	151,564	5,630.8	11,261.7	8,881.8	79	4,263	1,317,874	47,318	1,029.2	1,197.2	116
1977-78	18,016	5,134,974	210,442	9,384.7	18,769.5	5,590.6	30	4,751	1,530,513	57,205	1,261.5	1,231.5	98
1978-79	15,950	4,551,774	189,208	8,273.6	16,547.2	6,445.4	39	5,062	1,729,463	66,998	1,700.1	1,825.2	107
1979-80	17,275	4,237,086	186,806	8,355.8	16,711.6	11,177.1	67	4,260	1,576,189	63,685	1,683.2	997.9	59
1980-81	14,176	4,741,665	245,847	9,763.1	19,526.1	55,288.7	283	3,518	1,225,244	62,927	1,552.3	1,042.7	67
1981-82	14,633	4,945,403	301,470	12,035.9	24,071.8	18,770.3	78	4,435	1,753,538	94,251	2,273.1	2,266.4	100
1982-83	14,087	4,869,848	309,764	13,256.1	26,512.1	22,680.4	85	4,686	1,961,043	128,490	3,196.1	2,557.6	80
1983-84	13,837	4,878,330	322,254	13,329.9	26,659.7	22,297.6	84	5,104	2,193,680	142,994	3,520.8	3,038.1	86
1984-85	14,087	5,201,958	355,025	15,028.4	30,056.8	29,543.0	98	6,079	2,708,265	178,872	4,603.9	7,728.1	168
1985-86	14,723	5,577,676	438,226	21,827.7	43,655.4	33,287.6	76	6,678	3,113,683	258,223	8,125.4	3,696.9	45
1986-87	14,671	5,567,024	436,142	21,509.1	43,018.1	36,561.7	85	6,634	3,078,347	255,947	8,255.6	6,535.7	79
1987-88	14,070	5,230,009	333,527	16,530.5	33,061.1	27,921.7	84	5,607	2,487,981	203,797	6,645.5	2,822.3	42
1988-89	14,068	5,622,239	375,629	19,188.4	38,376.8	117,923.8	307	5,165	2,178,320	182,635	5,866.2	3,738.6	64
1989-90	15,765	6,645,918	673,831	35,691.2	71,382.3	138,706.8	194	5,147	2,298,720	187,181	5,574.8	9,688.7	174
1990-91	15,670	6,436,601	567,129	36,966.5	73,932.9	25,196.0	34	4,701	2,062,319	170,653	5,395.0	3,488.0	65
1991-92	15,134	6,431,439	391,504	24,730.1	49,460.2	21,350.6	43	2,193	1,047,118	84,737	2,884.8	3,140.8	109
1992-93	13,660	5,899,450	442,477	25,465.3	50,930.7	39,328.4	77	2,406	1,214,543	98,448	3,471.6	2,399.8	69
1993-94	12,799	5,848,025	458,161	24,495.7	48,991.3	104,188.7	213	2,726	1,429,518	115,933	4,100.7	7,115.9	174
1994-95	12,382	6,319,930	512,912	27,161.3	54,322.6	38,036.7	70	2,773	1,481,142	122,867	4,924.6	4,998.6	102
1995-96	11,972	5,811,596	488,366	26,952.0	53,904.1	22,249.3	41	3,705	2,150,903	187,016	7,588.9	5,107.2	67
1996-97	12,788	8,175,360	755,404	23,435.3	82,463.7	11,101.5	13	5,364	3,440,183	315,785	11,813.2	3,801.0	32
1997-98	12,421	8,439,182	900,449	26,833.0	97,398.7	32,494.6	33	5,203	3,383,648	307,827	12,583.3	7,987.0	63
1998-99	11,644	8,495,96-	884,092	25,817.2	93,637.8	34,346.3	37	4,533	3,009,432	274,528	11,232.0	2,172.5	19
1999-00	11,273	7,687,037	855,227	23,491.6	85,529.6	42,572.7	50	3,378	2,029,004	185,403	7,012.0	4,048.3	58
2000-01	11,309	8,053,047	832,206	21,490.3	79,953.3	36,291.5	45	3,443	2,295,230	241,578	9,045.5	9,737.6	123

(1) Excludes Livestock Feed Security and Honey Programs

(2) Includes landlord contracts

(3) The total premium represents the producers' share plus the Government of Canada's and the Province of Manitoba's shares

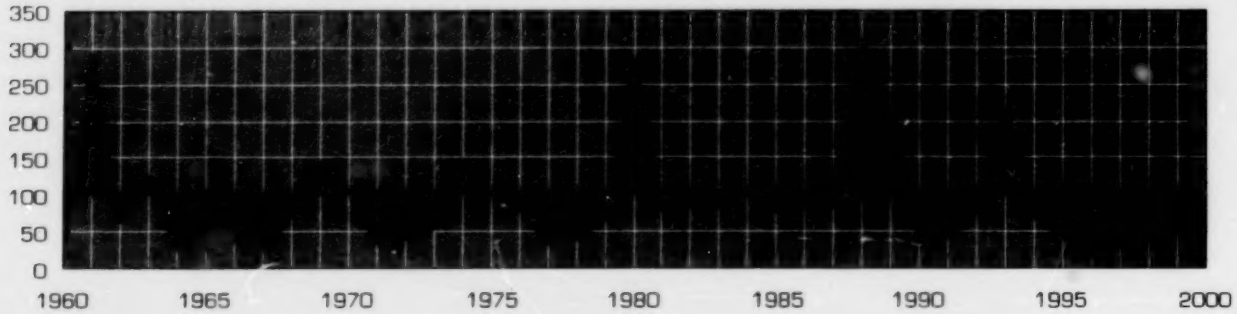
(4) Hail Insurance Program premiums do not include discounts or surcharges

(5) For 2000-01, the acres and coverage for Excess Moisture Insurance are not included in the Crop Insurance Program totals

Historical Loss Ratios

Crop Insurance Program

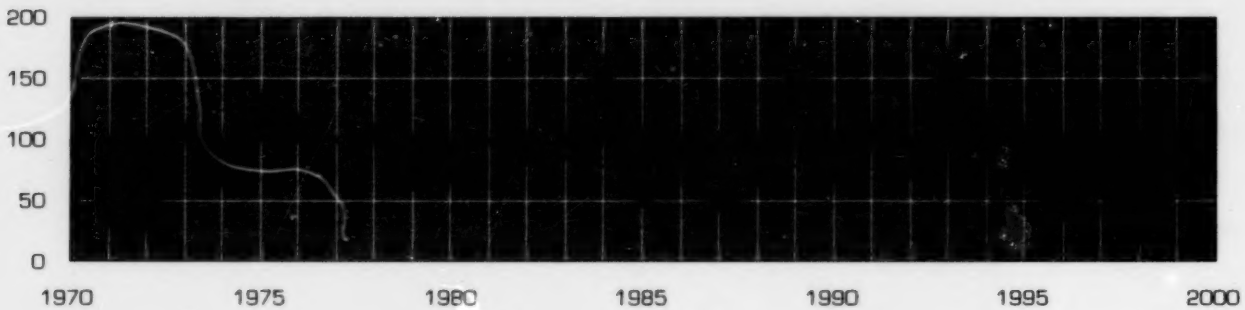
Percent



NOTE: In 2000, the loss ratio was 45%. For comparison purposes, the record low was 13% in 1996 and the record high was 307% in 1988.

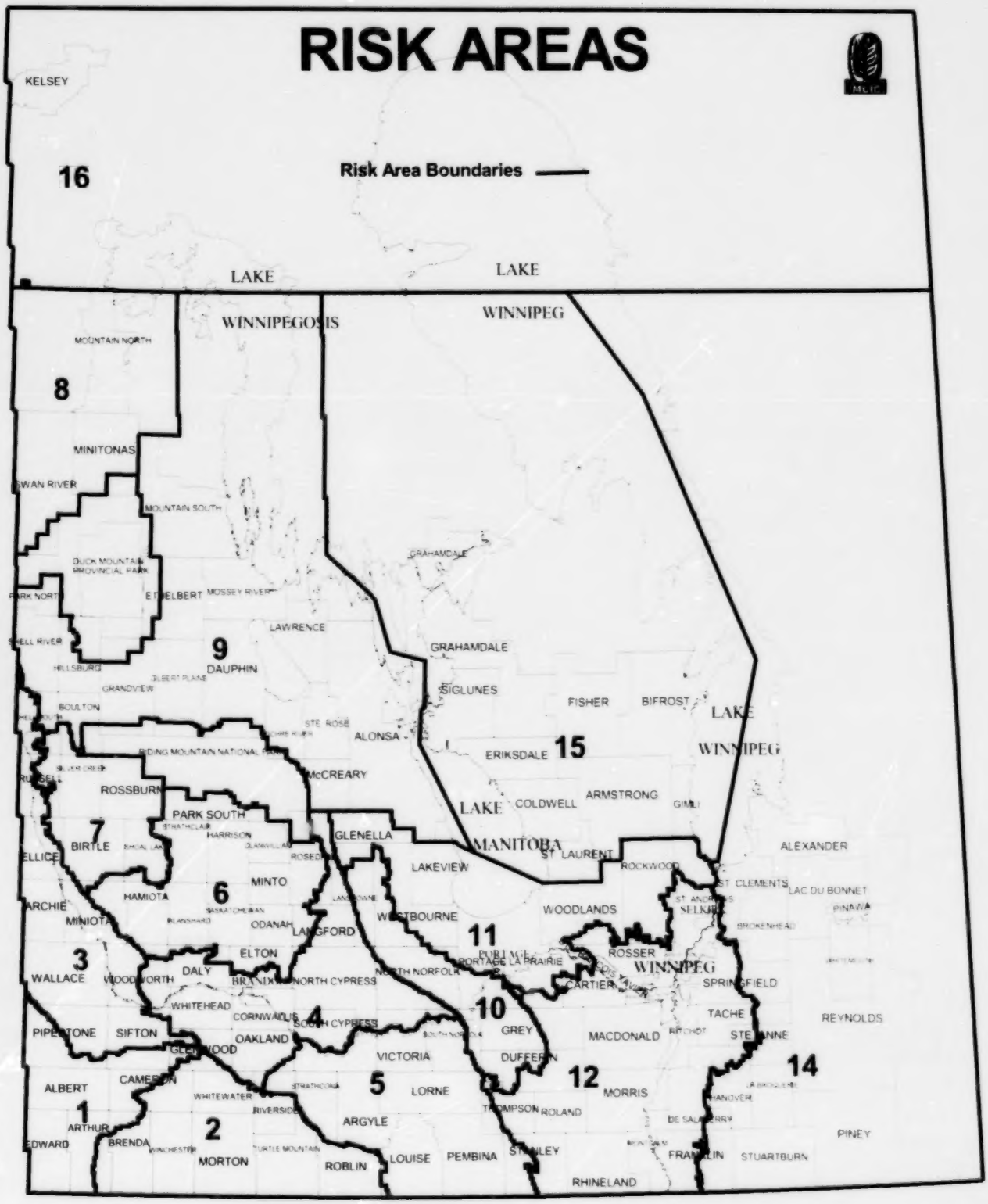
Hail Insurance Program

Percent



NOTE: In 2000, the loss ratio was 123%. For comparison purposes, the record low was 19% in 1998 and the record high was 174% in both 1989 and 1993.

RISK AREAS


Risk Area Boundaries
16
KELSEY
LAKE
LAKE
WINNIPEGOSIS
WINNIPEG
MOUNTAIN NORTH
8
MINITONAS
SWAN RIVER
MOUNTAIN SOUTH
DUCK MOUNTAIN PROVINCIAL PARK
PARK NORTH
ETHELBERT
MOSSEY RIVER
GRAHAMDALE
LAWRENCE
SHELL RIVER
9
DAUPHIN
HILLSBURO
GILBERT PLAINS
GRANDVIEW
GRAHAMDALE
SIGLUNES
FISHER
BIFROST
LAKE
WINNIPEG
BOULTON
STE ROSE
ALONSA
RIDING MOUNTAIN NATIONAL PARK
ERIKSDALE
15
McCREARY
ROSSBURN
LAKE
COLDWELL
ARMSTRONG
GIMLI
PARK SOUTH
7
BIRTLE
HARRISON
GLENELLA
MANITOBA
ST LAURENT
ALEXANDER
ELLICE
ROSEDALE
LAKEVIEW
ROCKWOOD
ST CLEMENTS
LAC DU BONNET
MINTO
HAMIOTA
6
ARCHIE
SASKATCHEWAN
WOODLANDS
SELKIRK
PINAWA
MINIOTA
PLANSHARD
ODANAH
LANGFORD
WESTBOURNE
11
BROKENHEAD
3
ELTON
PORTAGE LA PRAIRIE
ROSSER
WALLACE
DALY
NORTH NORFOLK
WINNIPEG
WOODWORTH
BRENDON
NORTH CYPRESS
CARTIER
SPRINGFIELD
WHITEHEAD
10
TACHE
REYNOLDS
CORNWALLIS
4
SOUTH CYPRESS
PIPESTONE
SIFTON
OAKLAND
GREY
MACDONALD
ST JEAN
GLENWOOD
VICTORIA
DUFFERIN
14
CAMERON
12
ALBERT
5
LORNE
MORRIS
STRATHCONA
WHITEWATER
HANOVER
1
RIVERSIDE
THOMPSON
ROLAND
ARTHUR
ARGYLE
DE SALABERRY
PINEY
EDWARD
BRENDA
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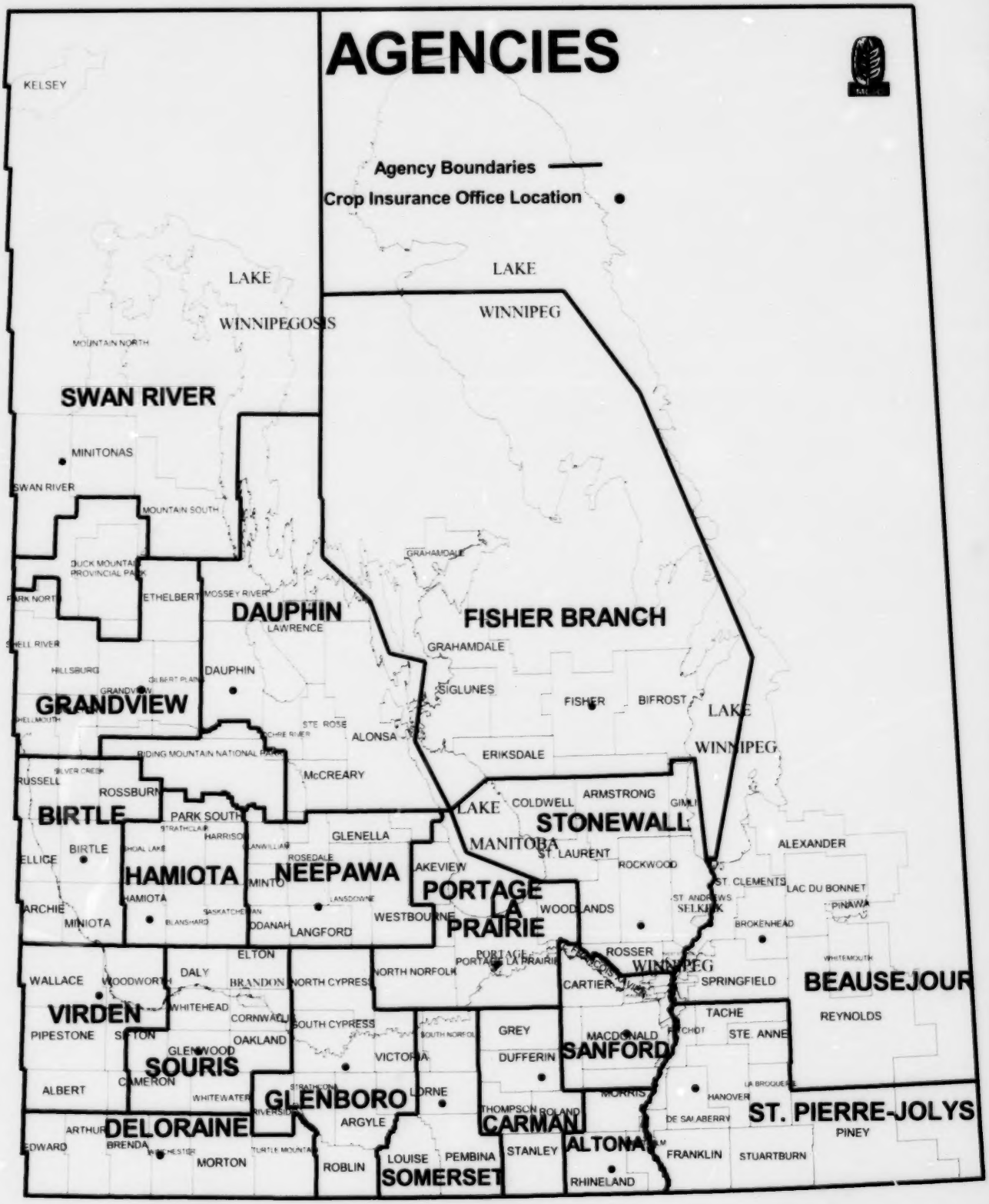
WINCHESTER
TURTLE MOUNTAIN
MORTON
ROBLIN
LOUISE
PEMBINA
STANLEY
FRANKLIN
STUARTBURN
RHINELAND


AGENCIES
Agency Boundaries
Crop Insurance Office Location
KELSEY
LAKE WINNIPEGOSIS
LAKE WINNIPEG
MOUNTAIN NORTH
SWAN RIVER
MINITONAS
SWAN RIVER
MOUNTAIN SOUTH
DUCK MOUNTAIN PROVINCIAL PARK
PARK NORTH
ETHELBERT
MOSSEY RIVER
DAUPHIN
LAWRENCE
GRAHAMDALE
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ERIKSDALE
SILVER CREEK
RUSSELL
McCREARY
ROSSBURN
BIRTLE
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ARCHIE
HAMIOTA
LANSDOWNE
WOODLANDS
ST ANDREWS
SELKIRK
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SOUTH CYPRESS
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MACDONALD
PRIEHOT
STE ANNE
GLENWOOD
SOURIS
VICTORIA
DUFFERIN
SANFORD
ALBERT
CAMERON
STRATHCONA
WHITEWATER
GLENBORO
LORNE
MORRIS
LA BROQUERIE
HANOVER
RIVERSIDE
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ST. PIERRE-JOLYS
ARGYLE
CARMAN
DE SALABERRY
PINEY
ARTHUR
DELORAINE
BRENDA
ALTONA
EDWARD
WINCHESTER
TURTLE MOUNTAIN
MORTON
ROBLIN
LOUISE
PEMBINA
SOMERSET
STANLEY
FRANKLIN
STUARTBURN
RHINELAND

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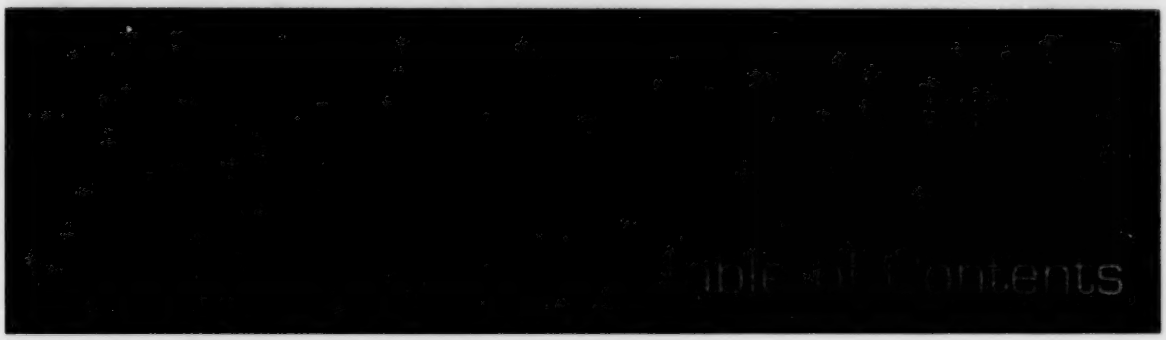

Responsibility for Financial Statements

The Management of the Manitoba Crop Insurance Corporation is responsible for the integrity, objectivity and reliability of the financial statements, accompanying notes and other financial information in the annual report which it has prepared.

Management maintains internal control systems to ensure that transactions are accurately recorded in accordance with established policies and procedures. In addition, certain best estimates and judgements have been made based on a careful assessment of the available data.

The financial statements and accompanying notes are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein. The Provincial Auditor has access to the Board of Directors, with or without Management present, to discuss the results of their audit and the quality of financial reporting of the Corporation.

Neil Hamilton
General Manager

Jim Lewis
Director, Finance & Administration

June 21, 2001

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of Manitoba Crop Insurance Corporation

We have audited the balance sheet of the Manitoba Crop Insurance Corporation as at March 31, 2001, the statement of operations and funds retained for the Crop Insurance program, the statement of operations and funds retained for the Hail Insurance program, the statement of cash flows and the statements of revenue and expenditure for the other agriculture related programs administered by the Corporation on behalf of the Government of the Province of Manitoba, being statements 1-4. These financial statements are the responsibility of the Corporation's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows, and the revenue and expenditure transactions of the programs administered by the Corporation on behalf of the Government of the Province of Manitoba, for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor
Winnipeg, Manitoba
June 21, 2001

BALANCE SHEET as at March 31, 2001

	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan (Note 4(A))	Other Programs (Note 4)	2001 Total	2000 Total
Assets						
Cash	$ -	-	-	-	$ -	$ 1,029,224
Short-term investments (Note 3(B))	280,109,588	19,506,537	23,285,581	618,911	323,520,617	265,381,800
Accounts receivable (Note 5)	11,880,835	1,221,028	317,171	93,165,934	106,584,968	111,222,521
Prepaid expenses	116,773	-	-	-	116,773	110,309
Interprogram receivable	480,633	2,969	-	-	483,602	364,170
	292,587,829	20,730,534	23,602,752	93,784,845	430,705,960	378,108,024
Capital assets (Note 6)	1,182,844	-	-	-	1,182,844	1,500,734
	$ 293,770,673	20,730,534	23,602,752	93,784,845	$ 431,888,804	$ 379,608,758
Liabilities and funds retained						
Bank indebtedness	$ 952,298	-	-	-	$ 952,298	$ -
Reinsurance premiums payable	26,208	-	-	-	26,208	38,623
Indemnities payable (Note 7)	2,869,003	1,285	-	93,352,029	96,222,317	102,530,185
Accounts payable and accrued liabilities	2,526,324	-	12,610	198,550	2,737,484	2,806,510
Interprogram payable	2,969	-	246,367	234,266	483,602	364,170
Excess of revenue over expenditure	-	-	23,343,775	-	23,343,775	22,277,702
	6,376,802	1,285	23,602,752	93,784,845	123,765,684	128,017,190
Deferred revenue (Note 8)	1,182,844	-	-	-	1,182,844	1,500,734
Funds retained	286,211,027	20,729,249	-	-	306,940,276	250,090,834
	$ 293,770,673	20,730,534	23,602,752	93,784,845	$ 431,888,804	$ 379,608,758

APPROVED BY THE BOARD:

Walter W Kolenosky
Chairman

Dan Wishart
Vice-Chairman

CROP INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2001

	2001	2000
Revenue:		
Premiums		
Insured producers	$ 21,490,262	$ 23,491,572
Government of Canada (Note 3(F))	32,939,004	34,873,614
Province of Manitoba (Note 3(F))	25,541,046	27,164,368
	79,970,312	85,529,554
Less premiums ceded (Note 9)		
Reinsurance Fund of Canada	399,911	427,362
Reinsurance Fund of Manitoba	399,911	427,362
	799,822	854,724
Net premiums	79,170,490	84,674,830
Interest	14,772,278	10,742,993
Total revenue	93,942,768	95,417,823
Expenditure:		
Indemnities	36,291,493	42,557,869
Doubtful accounts (recoveries)	(8,031)	17,447
Administrative expenses - Schedule 1	9,221,090	8,666,572
Administrative expenses recovered from		
Government of Canada (Note 3(G))	(3,692,473)	(3,518,863)
Province of Manitoba (Note 3(G))	(3,697,864)	(3,524,556)
Insured producers (Note 3(G))	(1,830,753)	(1,623,153)
Net expenditure	36,283,462	42,575,316
Income for the year	57,659,306	52,842,507
Funds retained, beginning of year	228,551,721	175,709,214
Funds retained, end of year	$ 286,211,027	$ 228,551,721

HAIL INSURANCE PROGRAM

STATEMENT OF OPERATIONS AND FUNDS RETAINED

for the year ended March 31, 2001

	2001	2000
Revenue:		
Premiums, net of discounts	$ 7,754,147	$ 7,011,997
Less premiums ceded for reinsurance (Note 10)	615,779	543,430
Net premiums	7,138,368	6,468,567
Reinsurance recoveries (Note 10)	2,352,201	-
Interest and surcharges	1,190,524	1,262,014
Total revenue	10,681,093	7,730,581
Expenditure:		
Indemnities	9,737,615	4,048,290
Administrative expenses - Schedule 1	1,773,399	1,417,889
Doubtful accounts (recoveries)	(20,057)	24,343
Total expenditure	11,490,957	5,490,522
Income (loss) for the year	(809,864)	2,240,059
Funds retained, beginning of year	21,539,113	19,299,054
Funds retained, end of year	$ 20,729,249	$ 21,539,113

STATEMENT OF CASH FLOWS

for the year ended March 31, 2001

	Crop Insurance Program	Hail Insurance Program	2001 Total	2000 Total
Cash provided by (used for)				
Operating activities:				
Income (loss) for the year				
Income (loss) before interest revenue	$ 42,887,028	(2,000,388)	$ 40,886,640	$ 43,077,559
Interest revenue	14,772,278	1,190,524	15,962,802	12,005,007
	57,659,306	(809,864)	56,849,442	55,082,566
Items not involving cash				
Changes in allowance for doubtful accounts	(60,413)	(19,787)	(80,200)	(173,998)
Amortization of capital assets	420,031	-	420,031	475,498
Changes in:				
Accounts receivable	(614,727)	(231,605)	(846,332)	(440,335)
Interest receivable	(1,809,631)	(15,403)	(1,825,034)	(2,274,734)
Prepaid expenses	(6,464)	-	(6,464)	(7,750)
Interprogram receivable/payable	(841,834)	103,377	(738,457)	259,417
Reinsurance premiums payable	7,890	(20,305)	(12,415)	(27,779)
Indemnities payable	1,225,973	1,285	1,227,258	802,703
Accounts payable and accrued liabilities	(65,986)	-	(65,986)	150,693
Cash provided by (used for) operating activities	55,914,145	(992,302)	54,921,843	53,846,281
Investing activities:				
Purchase of short-term investments	(48,163,537)	3,050,422	(45,113,115)	(68,125,059)
Purchase of capital assets	(102,141)	-	(102,141)	(62,999)
Proceeds on disposition of capital assets	-	-	-	2,600
Cash provided by (used for) investing activities	(48,265,678)	3,050,422	(45,215,256)	(68,185,458)
Financing activities:				
Deferred revenue	(317,890)	-	(317,890)	(415,100)
Cash used for financing activities	(317,890)	-	(317,890)	(415,100)
Net increase (decrease) in cash and short-term investments	7,330,577	2,058,120	9,388,697	(14,754,277)
Cash and cash equivalents, beginning of year	8,058,834	1,000,000	9,058,834	23,813,111
Cash and cash equivalents, end of year	$ 15,389,411	3,058,120	$ 18,447,531	$ 9,058,834
Cash and cash equivalents comprised of the following:				
Short-term investments	$ 280,109,588	19,506,537	$ 299,616,125	$ 243,132,791
Short-term investments with terms greater than 90 days	263,767,879	16,448,417	280,216,296	235,103,181
Short-term investments with terms of 90 days or less	16,341,709	3,058,120	19,399,829	8,029,610
Cash (bank indebtedness)	(952,298)	-	(952,298)	1,029,224
	$ 15,389,411	3,058,120	$ 18,447,531	$ 9,058,834

Statement 1

REVENUE PROTECTION - GROSS REVENUE INSURANCE PLAN (Note 4(A))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
Revenue:		
Interest	$ 1,267,616	$ 1,058,750
Expenditure:		
Indemnities (recoveries), prior years	211,488	(6,436)
Doubtful accounts (recoveries)	(9,945)	(75,892)
Administrative expenses - Schedule 1	16,652	80,198
Administrative expenses recovered from		
Government of Canada	(8,027)	(37,769)
Province of Manitoba	(8,625)	(42,429)
Net expenditure (recoveries)	201,543	(82,328)
Excess of revenue over expenditure	1,066,073	1,141,078
Excess of revenue over expenditure, beginning of year	22,277,702	21,136,624
Excess of revenue over expenditure, end of year	$ 23,343,775	$ 22,277,702

Statement 2

WILDLIFE DAMAGE COMPENSATION PROGRAM (Note 4(B))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
Revenue:		
Recovery of expenditures		
Government of Canada	$ 1,132,013	$ 658,714
Province of Manitoba	1,576,159	934,366
Total revenue	$ 2,708,172	$ 1,593,080
Expenditure:		
Indemnities	$ 2,220,729	$ 1,378,262
Administrative expenses		
Adjusters' wages, benefits and expenses	450,477	199,592
Audit fees and legal	6,080	12,823
Other administrative expenses	30,886	2,403
	487,443	214,818
Total expenditure	$ 2,708,172	$ 1,593,080

Statement 3

MANITOBA MANAGEMENT PLUS PROGRAM (Note 4(C))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	2001	2000
Revenue:		
Recovery of expenditures		
Manitoba Rural Adaptation Council Inc.	$ 75,468	$ 2,183
Expenditure:		
Administrative expenses	$ 75,468	$ 2,183

Statement 4

MANITOBA FARM DISASTER ASSISTANCE PROGRAM (NOTE 4(D))

CANADA-MANITOBA ADJUSTMENT PROGRAM (NOTE 4(D))

CANADA-MANITOBA ADJUSTMENT PROGRAM 2 (NOTE 4(D))

STATEMENT OF REVENUE AND EXPENDITURE

for the year ended March 31, 2001

	Manitoba Farm Disaster Assistance Program (Note 4(D))		Canada-Manitoba Adjustment Program (Note 4(D))		Canada-Manitoba Adjustment Program 2 (Note 4(D))
	2001	**2000**	**2001**	**2000**	**2001**
Revenue:					
Recovery (repayment) of expenditures					
Government of Canada	$ -	$ -	$ -	$ 60,000,000	$ 55,200,000
Province of Manitoba	(213,573)	70,390,550	-	40,000,000	36,800,000
Total recovery (repayment)	(213,573)	70,390,550	-	100,000,000	92,000,000
Interest	-	-	708,956	-	-
Total revenue (repayment)	$ (213,573)	$ 70,390,550	$ 708,956	$ 100,000,000	$ 92,000,000
Expenditure:					
Program payments (recoveries)	$ (238,608)	$ 69,913,975	$ 701,780	$ 99,900,000	$ 91,900,000
Doubtful accounts	16,437	35,906	7,176	-	-
Administrative expenses	8,598	440,669	-	100,000	100,000
Total expenditure (recoveries)	$ (213,573)	$ 70,390,550	$ 708,956	$ 100,000,000	$ 92,000,000

NOTES TO FINANCIAL STATEMENTS

March 31, 2001

1. Authority

The Manitoba Crop Insurance Corporation was incorporated under a specific Statute of the Province of Manitoba, and operates under the authority of The Crop Insurance Act, Chapter C310 in the Continuing Consolidation of the Statutes of Manitoba.

2. Basis of Reporting

The financial statements of the Corporation are in such form as prescribed by Section 13 of The Crop Insurance Act, and are presented in accordance with Canadian generally accepted accounting principles.

3. Significant Accounting Policies

(A) Programs

Under the provisions of its Act and regulations, the Corporation operates crop and hail insurance programs for Manitoba farmers.

The Corporation is also responsible for the administration of various agriculture related programs, including the Revenue Protection component of the Gross Revenue Insurance Plan and the Wildlife Damage Compensation Program, on behalf of the Government of Canada and the Province of Manitoba.

For financial accounting purposes, all programs are regarded as separate operations and are accounted for separately.

(B) Short-Term Investments

Short-term investments are carried at cost, which approximates market value. Funds available for short-term investment are invested with the Province of Manitoba, in accordance with Section 20(8) of The Crop Insurance Act.

(C) Capital Assets and Amortization

Capital assets are stated at cost less accumulated amortization. Capital assets are being amortized on a straight-line basis over their estimated useful lives, as follows:

Furniture and Equipment	10 years
Computer Hardware	4 years
Computer Software	4 years
Major Application Development	8 years
Leasehold Improvements	Remaining term of the lease

(D) Pensions

Effective April 1, 1998, the Corporation began matching employees' current pension contributions to the Civil Service Superannuation Plan. As a matching employer, the Corporation discharges its pension liability on a current basis and, therefore, has no additional pension obligation.

NOTES TO FINANCIAL STATEMENTS

March 31, 2001

(E) Vacation and Severance Pay

Employees of the Corporation are entitled to vacation and severance pay in accordance with the terms of the Collective Agreements and Corporation policy. The liability for vacation and severance pay is recorded based on the Corporation's best estimates.

(F) Premiums and Government Contributions

The Corporation recognizes as revenue all premiums earned on policies in force during the year. The insurance premium rates are calculated annually by crop and risk area and are based on a 25-year average of historical loss experience adjusted for the program's current level of benefits. Premium rates are adjusted annually to maintain adequate reserves over time. This is done to ensure the financial self-sustainability of the program.

Agreements between the Government of Canada and the Province of Manitoba provide for the cost sharing of the insurance premiums under the Crop Insurance Program. The insurance premiums for coverage of 50% of the insureds' probable yields are shared between the Government of Canada (60%) and the Province of Manitoba (40%). Premiums for insurance coverage above the 50% level are shared between the insureds (50%), the Government of Canada (25%) and the Province of Manitoba (25%).

(G) Administrative Expenses

The agreement relating to the Crop Insurance Program, referred to in Section (F) of this note, stipulates that administrative expenses, net of any administrative revenues, will be shared equally by the Government of Canada and the Province of Manitoba. Administrative revenues include a per acre administrative fee shown as a recovery from insured producers. Administrative expenses relating to the Hail Insurance Program are recovered from the insureds.

Identifiable administrative expenses for all of the programs administered by the Corporation are charged directly to the specific program. Where direct charging of administrative expenses to specific programs is not possible, these expenses are allocated to each program on a basis approved by the Corporation's Board of Directors.

4. Other Programs

(A) Statement 1

Effective January 1991, the Corporation assumed responsibility for the administration of the agreement between the Government of Canada and the Province of Manitoba for the Revenue Protection component of the Gross Revenue Insurance Plan (GRIP) for crops produced in Manitoba.

For the year ended March 31, 1993 and subsequent years, the GRIP premiums were shared between insured producers (33.33%), the Government of Canada (41.67%), and the Province of Manitoba (25%).

The administrative expenses incurred by the Corporation to administer GRIP are shared equally by the Government of Canada and the Province of Manitoba.

The Government of Canada and the Province of Manitoba terminated GRIP at the end of the 1995 crop year. In February 1997, $47,491,745 or 75% of the March 31, 1996 excess of revenue over expenditure was distributed to the participants according to their respective premium contributions. The balance of the excess of revenue over expenditure earns interest and will be distributed to the participants once all the outstanding issues relating to GRIP are finalized.

(B) Statement 2

The Corporation administers the Wildlife Damage Compensation Program that was established to compensate producers for 100% of damaged agricultural crops and products caused by big game, waterfowl or livestock predation. The Government of Canada contributes 40% for losses and 50% of the total administrative expenses. The Province of Manitoba contributes 60% for losses and 50% of the total administrative expenses.

(C) Statement 3

Effective June 1993, the Corporation assumed responsibility for the administration of the Manitoba Management Plus Program. The program was established to provide producers with crop management data to assist them in making management decisions regarding their farm operations. The administrative expenses incurred for this program are recovered from the Manitoba Rural Adaptation Council Inc.

(D) Statement 4

Manitoba Farm Disaster Assistance Program (MFDAP)

Commencing June 1999, the Corporation assumed responsibility for the administration of the Manitoba Farm Disaster Assistance Program (MFDAP). This program was introduced to help producers affected by the excess moisture conditions which impaired seeding and damaged forage fields and pastures in the spring of 1999. The program covered unseeded land, forage restoration, hay shortfall and custom seeding. Program funding of $70.2 million was provided by the Province of Manitoba.

Canada-Manitoba Adjustment Program (CMAP)

Effective March 2000, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program (CMAP) on behalf of the Government of Canada and the Province of Manitoba. This program provided producers of grains, oilseeds and special crops with a one-time payment to assist them as they adjust to the elimination of transportation subsidies during a period of low prices.

Assistance of over $100 million was provided through this program. This amount, which includes administrative expenses, is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

Canada-Manitoba Adjustment Program 2 (CMAP 2)

Effective March 2001, the Corporation assumed responsibility for the administration of the Canada-Manitoba Adjustment Program 2. This program was introduced to help Manitoba producers in lessening the impact of the farm income crisis in the grains, oilseeds and special crop sectors.

NOTES TO FINANCIAL STATEMENTS

March 31, 2001

Assistance of $92 million is being provided through this program. This amount, which includes administrative expenses, is being cost shared by the Government of Canada (60%) and the Province of Manitoba (40%).

5. Accounts Receivable

The accounts receivable as of March 31, 2001 consist of the following:

	March 31, 2001					March 31, 2000
	Crop Insurance Program	Hail Insurance Program	Gross Revenue Insurance Plan	Other Programs*	Total	Total
Insureds	$ 1,408,508	548,395	-	50,999	$ 2,007,902	$ 1,322,540
Government of Canada	1,352,350	-	7,398	55,709,848	57,069,596	61,294,962
Province of Manitoba	1,455,846	-	1,000	37,376,159	38,833,005	42,140,395
Accrued Interest	7,601,770	548,711	308,773	483	8,459,737	6,441,068
Other	62,361	123,922	-	28,445	214,728	23,556
	$ 11,880,835	1,221,028	317,171	93,165,934	$ 106,584,968	$ 111,222,521

* Included in Other Programs are accounts receivable of $92,000,000 for CMAP 2, $17,663 for CMAP, $33,818 for MFDAP, $28,445 for the Manitoba Management Plus Program and $1,086,008 for the Wildlife Damage Compensation Program.

6. Capital Assets

	March 31, 2001			March 31, 2000
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and Equipment	$ 194,061	83,896	$ 110,165	$ 85,495
Computer Hardware	401,578	304,720	96,858	113,458
Computer Software	71,091	59,189	11,902	21,290
Major Application Development	2,907,419	2,082,355	825,064	1,143,852
Leasehold Improvements	297,560	158,705	138,855	136,639
	$ 3,871,709	2,688,865	$ 1,182,844	$ 1,500,734

7. Indemnities Payable

Indemnities payable for the Crop Insurance Program of $2,869,003 (2000 - $1,643,030) provide for indemnity payments relating to the 2000 crop year. This amount includes an estimate of $1,930,000 (2000 - $607,000) which represents the liability for unpaid claims and the loss of crop value due to the over-winter deterioration of unharvested crops.

Indemnities payable for Other Programs of $93,352,029 include a provision of $91,900,000 for assistance payments through the Canada-Manitoba Adjustment Program 2, $596,251 (2000 - $99,900,000) for the Canada-Manitoba Adjustment Program, and $855,778 (2000 - $198,922) for the Wildlife Damage Compensation Program.

8. Deferred Revenue

Deferred revenue represents administrative subsidies provided equally by the Government of Canada and the Province of Manitoba and used to acquire capital assets. Deferred revenue is recognized as revenue when amortization is recorded on capital assets.

9. Reinsurance Funds – Crop Insurance Program

In accordance with the terms of a reinsurance agreement between the Government of Canada and the Province of Manitoba, the two levels of Government maintain separate reinsurance accounts. The Corporation pays reinsurance premiums to the Crop Reinsurance Fund of Canada for Manitoba, and to the Crop Reinsurance Fund of Manitoba, based on premiums collected plus the matching contributions paid by the Government of Canada and the Province of Manitoba. When indemnities are in excess of the funds retained by the Corporation and certain other conditions are met, transfers are made from the Crop Reinsurance Fund accounts to the Corporation. Interest is neither credited nor charged to the Funds by the Government of Canada or the Province of Manitoba.

	Reinsurance Fund of Canada for Manitoba		Reinsurance Fund of Manitoba	
	2001	2000	2001	2000
Opening surplus (deficit)	$ (2,446,370)	$ (2,885,689)	$ 20,231,573	$ 19,792,254
Current year premium contributions (net) *	406,412	439,319	406,412	439,319
Closing surplus (deficit)	$ (2,039,958)	$ (2,446,370)	$ 20,637,985	$ 20,231,573

* Current year reinsurance premium contributions are shown net of an allowance for uncollectible accounts

10. Reinsurance – Hail Insurance Program

In May 1999, the Corporation entered into a three-year reinsurance agreement for the Hail Insurance Program. This agreement provides for the 16 subscribing reinsurance companies to assume hail insurance losses including loss adjustment expenses from 100% to 175% of gross premium. The reinsurance cost is 7.75% of gross premiums. Reinsurance recoveries totalled $2,352,201 (2000 - $nil) and reinsurance premiums were $615,779 (2000 - $543,430).

11. Lease Agreements

Manitoba Crop Insurance Corporation has entered into long-term lease agreements. The minimum payments under these leases are as follows:

Year Ending March 31st	Lease Agreements Amounts
2002	$ 391,230
2003	329,905
2004	295,559
2005	233,566
2006	201,312
	$ 1,451,572
2007 and beyond	284,104
	$ 1,735,676

12. Contingencies

Various legal actions for additional indemnity payments and coverages have been commenced by producers against the Corporation. The outcome of these claims cannot be determined at this time.

13. Actuarial Review

An actuarial review of the 1998 Crop Insurance Program was completed by Tillinghast, consulting actuaries, in January 1998. The actuarial report concludes that the methodology used by the Corporation in establishing the probable yields of the crops covered by the Program meets the requirements of the Federal Crop Insurance Regulations. The report also concludes that the premium rate methodology is actuarially sound, is sufficient to meet expected claim costs, and includes a provision for adverse deviations from expected results.

A comprehensive actuarial review is completed every five years with any new programs or program changes being reviewed annually.

14. Related-Party Transactions

The Corporation is related in terms of common ownership to all Province of Manitoba-created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Interest earned on investments held with the Province of Manitoba amounted to $17.7 million (2000 - $12.7 million). Included in accounts receivable (Note 5) is $8.5 million (2000 - $6.4 million) of accrued interest related to investments held with the Province of Manitoba.

15. Subsequent Events

In April 2001, $7.8 million, which represents the balance of the producers' share of the Gross Revenue Insurance Plan (GRIP) excess of revenue over expenditure, was distributed to producers according to their respective premium contributions. The governments' shares continue to be held by the Corporation pending direction on how the balance is to be disbursed.

By June of 2001, an additional reinsurance agreement for the Crop Insurance Program was subscribed to by 35 reinsurers. Effective for the 2001 crop year, this program provides for the reinsuring companies to assume approximately 75% of the crop insurance losses from 15% to 25% of coverage based on estimated total coverage of $1.0 billion. This will significantly spread the Crop Insurance Program's risk in the event of adverse loss experience thereby reducing premium rate variability. The reinsurance cost is 0.93% of total coverage.

16. Comparative Figures

Certain 2000 comparative figures in the financial statements have been reclassified to conform with the current year's presentation.

Schedule 1

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 2001

	2001	2000
Adjusters' wages, benefits and expenses	$ 2,890,121	$ 2,316,023
Advertising	115,326	119,340
Amortization expense	420,031	475,498
Appeal tribunal	18,616	14,589
Audit fees and legal	126,119	253,814
Directors' remuneration and expenses	61,279	47,314
Furniture and equipment	37,761	51,988
Information technology	432,945	430,517
Office rental and utilities	555,123	555,722
Other administrative expenses	276,295	288,664
Other administrative recoveries	(119,413)	(239,145)
Postage	104,942	107,720
Printing, stationery and office supplies	166,922	154,884
Salaries and employee benefits	5,501,782	5,181,167
Telephone	125,514	122,014
Travel and automobile expenses	297,778	284,550
Total administrative expenses	$ 11,011,141	$ 10,164,659
Administrative expenses allocated to:		
Crop Insurance Program	$ 9,221,090	$ 8,666,572
Gross Revenue Insurance Plan	16,652	80,198
Hail Insurance Program	1,773,399	1,417,889
Total administrative expenses	$ 11,011,141	$ 10,164,659